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10/010,340

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Owen H. Brown

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7289

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KATTEN MUCHIN ROSENMAN LLP
575 MADISON AVENUE
NEW YORK, NY 10022-2585

EXAMINER

O'CONNOR, GERALD J

ART UNIT

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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Paper No. 20070316

Application Number: 10/010,340
Filing Date: December 5, 2001
Appellant(s): Brown et al.

Samson Helfgott
(Reg. No. 23,072)
For Appellant

EXAMINER'S ANSWER

This examiner's answer has been prepared in response to appellant's brief on appeal
filed November 16, 2006.

(1) *Real Party in Interest*

A statement identifying by name the real party in interest is contained in the brief.

(Davo Financial Services LLP)

(2) *Related Appeals and Interferences*

A statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief. (None.)

(3) *Status of Claims*

The statement of the status of claims contained in the brief is correct.

(Claims 9, 11-23, 39, and 42 are pending, rejected, and appealed.)

(Claims 1-8, 10, 24-38, 40, and 41 have been cancelled.)

(4) *Status of Amendments After Final*

The appellant's statement of the status of amendments after final rejection contained in the brief is correct. (No after-final amendments have been filed.)

(5) *Summary of Claimed Subject Matter*

The summary of claimed subject matter contained in the brief is correct.

(6) *Grounds of Rejection to be Reviewed on Appeal*

The appellant's statement of the grounds of rejection to be reviewed on appeal contained in the brief is correct:

- I. Claims 9, 11-23, 39, and 42 are rejected under 35 U.S.C. 103(a) as being unpatentable over Cretzler (US 5,644,724), in view of Hanna et al. (US 6,230,928).

(7) *Claims Appendix*

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) *Evidence Relied Upon*

The following is a listing of the evidence (e.g., patents, publications, official notice, and admitted prior art) relied upon in the rejection of claims under appeal:

US 5,644,724	Cretzler	7/1997
US 6,230,928	Hanna et al.	5/2001

(9) *Grounds of Rejection*

- I. Claims 9, 11-23, 39, and 42 are rejected under 35 U.S.C. 103(a) as being unpatentable over Cretzler (US 5,644,724), in view of Hanna et al. (US 6,230,928).

Cretzler discloses a method for calculating and debiting sales tax amounts of credit/debit card transactions of a merchant comprising the steps of: receiving an authorization

for payment from one of a plurality of credit card issuers for each of one or more credit/debit card transaction authorization requests submitted by the merchant; determining a sales tax amount for each authorized transaction of the merchant; storing information about the tax portion for each authorized transaction of the merchant; receiving a request from the merchant for payment for the authorized transaction(s); determining a tax amount from the stored information; crediting a tax account of the merchant with payment of the tax amount, it being inherent to the method of Cretzler that the credit to the merchant (at the end of a taxing period) is a net credit representing a sum of the payments made during the taxing period. The method of Cretzler, though, involves the merchant paying the tax amount(s) directly to the taxing authorities, rather than depositing the funds into an EFP escrow account for later payment to the taxing authorities on behalf of the merchant.

However, Hanna et al. disclose a similar method, which method indeed includes an EFP escrow account into which sales tax amounts of a merchant are directly deposited for later payment to the taxing authorities on behalf of the merchant. See, in particular, column 11, lines 46-59.

Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have modified the invention of Cretzler so as to send the calculated sales tax amounts to an EFP escrow account for later payment to the taxing authorities on behalf of the merchant, in accordance with the teachings of Hanna et al., rather than sending the calculated sales tax amounts directly to the taxing authorities, in order for the merchant to collect interest on the deposited funds prior to the deadline for transferring the sales tax funds to the taxing authorities.

Regarding claims 11-14 and 39, management and crediting of the escrow account by any of the parties involved (other than the merchant), including the EFP, a merchant bank, and other credit card transaction processors, and the charging of a fee by the entity managing the account, would be considered well known, hence obvious steps to follow to those of ordinary skill in the art. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have further modified the method of Cretzler by having any of the entities involved in the transactions, other than the merchant, manage the escrow account and charge a fee for that service, merely as a matter of design choice, since so doing could be performed readily and easily by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results.

Regarding claims 15-17 and 20, the method of Cretzler includes that each calculated sales tax payment amount represent a tax owed with respect to cardholder transaction associated with the requested payment, wherein the tax owed is determined as a function of a tax rate, associated with at least one of a sales tax schedule, a value-added tax schedule, and a garnishment schedule, for a tax jurisdiction identified to the cardholder transaction, which inherently includes determining if an item is tax-exempt from sales tax, such that its tax rate would be nil.

Regarding claim 18, increasing a tax rate by a garnishment amount so as to facilitate the collection of back taxes is a well known, hence obvious step to follow for one of ordinary skill in the art. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have further modified the method of Cretzler so as to increase the tax

rate by a garnishment amount, in order to facilitate collection of back taxes, merely as a matter of design choice, since so doing could be performed readily and easily by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results.

Regarding claims 19, 21, and 22, the escrow account of the method of Hanna et al. comprises a merchant savings account, and the method of Hanna et al. includes providing information about the escrow portion to at least one of the merchant and the escrow account provider, in combination with a sales draft. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have further modified the method of Cretzler so as to established the escrow account as a merchant savings account and provide information about the escrow portion to at least one of the merchant and the escrow account provider, in combination with a sales draft, in accordance with the teachings of Hanna et al., in order to provide interest payments to the merchant and keep at least one of the merchant and the escrow account provider apprised of the status of the payments.

Regarding claim 23, providing financial account information by means of a secure web page is a well known, hence obvious means of providing information concerning the account to the account holder. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have further modified the method of Cretzler so as to provide information concerning the account to the merchant via a secure web site, merely as a matter of design choice, as is well known to do, in order to provide the information as speedily and

conveniently as possible, since so doing could be performed readily and easily by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results.

Regarding claim 42, the method Cretzler accommodates cash transactions as well as credit transactions, thus records the cash transactions and the tax owed/collected from such cash transactions, then remits electronically the amount of cash transaction tax collected/owed together with the amounts collected for credit transactions. See, in particular, Figure 2, especially elements 206 and 216.

(10) Response to Argument

I. Claims 9, 11-23, 39, and 42 are unpatentable under 35 U.S.C. 103(a) for being obvious over Cretzler (US 5,644,724), in view of Hanna et al. (US 6,230,928).

In response to applicant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986).

In particular, the extensive arguments that the disclosure of Cretzler fails to include provision for third-party escrow functionality is utterly non-responsive to the actual rejection, since the rejection itself explicitly points out and addresses the cited/argued omission.

Additionally, the argument that the disclosure of Hanna et al. fails to include various elements of applicant's claimed invention, the teaching of Hanna et al. relied upon in the

rejection was merely for the inclusion/use of a third-party escrow account as a modification to the method of Cretzler. Any differences/omissions between applicant's claimed invention and the disclosure of Hanna et al. relating to other aspects of the Hanna et al. method are also wholly irrelevant.

Regarding the argument that in the instant invention, unlike in the prior art combination applied in the rejection, the payments of taxes being deposited into the escrow account are made outside the "control of the merchant" (i.e., ostensibly without the permission/consent of the merchant), the argument is disingenuous, as no one is stealing funds from the merchant without the consent of the merchant in the instant invention. Clearly the merchant is consenting/allowing the deposits to occur in both the prior art and in the instant invention by volunteering/electing to participate in the arrangement, thus the merchant always retains "control" over whether or not such payments/transfers are or will be made.

(11) Related Proceeding(s) Appendix

No decision rendered by any court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For all of the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,


 3/16/07


Gerald J. O'Connor
Primary Examiner
Group Art Unit 3627

GJOC

March 16, 2007

Appeal Conference Held:


Alex Kalinowski
Supervisory Patent Examiner
Group Art Unit 3627


Sam Sough
Supervisory Patent Examiner
Appeal Conference Specialist
Technology Center 3600

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Copy to Appellant:

Katten Muchin Rosenman LLP
575 Madison Avenue
New York, NY 10022-2585